

CITY OF FIFE, WASHINGTON

ORDINANCE NO. 1947

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FIFE, PIERCE COUNTY, WASHINGTON, AMENDING SUBSECTIONS 13.04.240(A), 13.08.510(B), 13.18.070(C), AND 13.18.070(D) OF THE FIFE MUNICIPAL CODE REGARDING UTILITY RATES

WHEREAS, the City operates water, sewer, and storm drainage utilities (the “Utilities”);

WHEREAS, the City hired the outside consulting group, FCS Group, to analyze the City’s total operating costs and capital improvement needs for the Utilities and to make recommendations about future costs and necessary increases; and

WHEREAS, FCS Group has made a recommendation that the Utility rates be increased so that revenues are sufficient to cover expected operating and capital improvement costs; and

WHEREAS, a public hearing on the proposed rate changes was held on October 11, 2016; and

WHEREAS, the adoption of this ordinance setting utility rates is consistent with the Fife Comprehensive Plan and with the goals and policies of the Growth Management Act; now therefore

THE CITY COUNCIL OF THE CITY OF FIFE, PIERCE COUNTY, WASHINGTON DO ORDAIN AS FOLLOWS:

Section 1. Subsection 13.04.240(A) of the Fife Municipal Code is hereby amended to read as follows:

A. Meter rates shall be as follows:

1. Effective January 1, 2014, the minimum monthly rate for water supplied through meters to users within the city limits and the associated base usage amounts shall be as follows:

Meter Size (in inches)	Minimum Charge per Month	Monthly Base Amount
5/8 x	\$25.56	300 cubic ft. or less

Meter Size (in inches)	Minimum Charge per Month	Monthly Base Amount
3/4 or 3/4		
1	\$85.18	1,000 cubic ft. or less
1-1/2	\$153.43	1,800 cubic ft. or less
2	\$213.02	2,500 cubic ft. or less
3	\$426.15	5,000 cubic ft. or less
4	\$639.17	7,500 cubic ft. or less
6	\$1,278.38	15,000 cubic ft. or less

For every 100 cubic feet of water supplied through meters to users within the city limits in excess of the monthly base usage amounts above, \$3.22 will be charged.

2. Effective January 1, 2015, the minimum monthly rate for water supplied through meters to users within the city limits and the associated base usage amounts shall be as follows:

Meter Size (in inches)	Minimum Charge per Month	Monthly Base Amount
5/8 x 3/4 or 3/4	\$26.07	300 cubic ft. or less
1	\$86.88	1,000 cubic ft. or less
1-1/2	\$156.50	1,800 cubic ft. or less
2	\$217.28	2,500 cubic ft. or less
3	\$434.67	5,000 cubic ft. or less
4	\$651.95	7,500 cubic ft. or less
6	\$1,303.95	15,000 cubic ft. or less

For every 100 cubic feet of water supplied through meters to users within the city limits in excess of the monthly base usage amounts above, \$3.28 will be charged.

3. Commencing January 1, 2016, and on the first day of January each successive year thereafter, the minimum monthly rates for water supplied

through meters to users within the city limits and the water usage rate shall be increased from the previous year in accordance with the following formula:

$$[\text{Wholesale Costs as \% of Total Costs}] \times [\text{Wholesale Cost Increase}] + [\text{Other Operating Costs as \% of Total Costs}] \times [\text{Increase in Average Annual Consumer Price Index for Seattle (CPI-U: All Urban Consumers)}] + [\text{Rate-Funded Capital Costs as \% of Total Costs}] \times [\text{Increase in Average Annual Engineering News Record (ENR) Construction Cost Index for Seattle}] = \text{Indexed Rate Adjustment}$$

The January 1, 2017 increase shall be the Indexed Rate Adjustment percentage + 5.00%.

The January 1, 2018 increase shall be the Indexed Rate Adjustment percentage + 5.00%

The January 1, 2019 increase shall be the Indexed Rate Adjustment percentage + 4.00%

The January 1, 2020 increase shall be the Indexed Rate Adjustment percentage + 4.00%

The January 1, 2021 increase shall be the Indexed Rate Adjustment percentage + 3.00%

The increase on the first day of January each successive year thereafter shall be the Indexed Rate Adjustment percentage.

For purposes of this formula:

“Total Costs” shall consist of the following percentages:

Wholesale Costs	41.6%
Other Operating Costs	58.4%
Rate-Funded Capital Costs	0.0%
Total Costs	100.0%

“Wholesale Cost Increase” shall be the increase in the Tacoma wholesale water rate paid by the city over the previous year.

“Increase in Average Annual Consumer Price Index for Seattle (CPI-U: All Urban Consumers)” shall be measured for the 12-month period ending in June of the previous year as published by the U.S. Bureau of Labor and Statistics.

“Increase in Average Annual Engineering News Record (ENR) Construction Cost Index for Seattle” shall be measured for the 12-month period ending in October of the previous year.

The city manager shall cause to be prepared a rate worksheet setting forth the future minimum rate amounts for each meter size and the water usage rate, based on the percentage increases set forth herein, and said worksheet shall be available to the public.

Section 2. Subsection 13.08.510(B) of the Fife Municipal Code is hereby amended to read as follows:

B. Commencing January 1, 2015, the rates set forth in subsection (A) of this section shall increase 45 percent. Commencing January 1, 2016, and on the first day of January each successive year thereafter, all rates set forth in subsection (A) of this section shall be increased from the previous year in accordance with the following formula:

[Wholesale Costs as % of Total Costs] x [Wholesale Cost Increase] + [Other Operating Costs as % of Total Costs] x [Increase in Average Annual Consumer Price Index for Seattle (CPI-U: All Urban Consumers)] + [Rate-Funded Capital Costs as % of Total Costs] x [Increase in Average Annual Engineering News Record (ENR) Construction Cost Index for Seattle] = Indexed Rate Adjustment

The January 1, 2017 increase shall be the Indexed Rate Adjustment percentage + 5.00%.

The January 1, 2018 increase shall be the Indexed Rate Adjustment percentage + 5.00%

The January 1, 2019 increase shall be the Indexed Rate Adjustment percentage + 5.00%

The January 1, 2020 increase shall be the Indexed Rate Adjustment percentage + 5.00%

The January 1, 2021 increase shall be the Indexed Rate Adjustment percentage + 5.00%

The increase on the first day of January each successive year thereafter shall be the Indexed Rate Adjustment percentage.

For purposes of this formula:

“Total Costs” shall consist of the following percentages:

Wholesale Costs	60.9%
Other Operating Costs	35.9%
Rate-Funded Capital Costs	3.2%
Total Costs	100.0%

“Wholesale Cost Increase” shall be the increase in the Tacoma wastewater treatment rate paid by the city over the previous year.

“Increase in Average Annual Consumer Price Index for Seattle (CPI-U: All Urban Consumers)” shall be measured for the 12-month period ending in June of the previous year as published by the U.S. Bureau of Labor and Statistics.

“Increase in Average Annual Engineering News Record (ENR) Construction Cost Index for Seattle” shall be measured for the 12-month period ending in October of the previous year.

The city manager shall cause to be prepared a rate worksheet setting forth the future rate amounts for each of the categories set forth in subsection (A) of this section, based on the percentage increases set forth herein, and said worksheet shall be available to the public.

Section 3. Subsection 13.18.070(C) of the Fife Municipal Code is hereby amended to read as follows:

C. The service charge for storm drainage and surface water management services shall be as follows:

Development Category	Monthly Rate Based on Total Area Effective Through 2013	Monthly Rate Based on Total Area Effective 1/1/14	Monthly Rate Based on Total Area Effective 1/1/15
Base rate per parcel	\$2.00	\$2.40	\$2.88
Undeveloped – One acre or less	\$0.065 per 500 sq. ft.	\$0.078 per 500 sq. ft.	\$0.094 per 500 sq. ft.

Development Category	Monthly Rate Based on Total Area Effective Through 2013	Monthly Rate Based on Total Area Effective 1/1/14	Monthly Rate Based on Total Area Effective 1/1/15
Plus for area over one acre	\$0.050 per 500 sq. ft.	\$0.060 per 500 sq. ft.	\$0.072 per 500 sq. ft.
Lightly developed	\$0.100 per 500 sq. ft.	\$0.120 per 500 sq. ft.	\$0.144 per 500 sq. ft.
Moderately developed	\$0.300 per 500 sq. ft.	\$0.360 per 500 sq. ft.	\$0.432 per 500 sq. ft.
Heavily developed	\$0.400 per 500 sq. ft.	\$0.480 per 500 sq. ft.	\$0.576 per 500 sq. ft.
Very heavily developed	\$0.500 per 500 sq. ft.	\$0.600 per 500 sq. ft.	\$0.720 per 500 sq. ft.
Development Category	Monthly Rate Based on Total Area Effective 1/1/16	Monthly Rate Based on Total Area Effective 1/1/17	Monthly Rate Based on Total Area Effective 1/1/18
Base rate per parcel	\$3.46	\$3.91	\$4.42
Undeveloped – One acre or less	\$0.113 per 500 sq. ft.	\$0.128 per 500 sq. ft.	\$0.145 per 500 sq. ft.
Plus for area over one acre	\$0.086 per 500 sq. ft.	\$0.097 per 500 sq. ft.	\$0.110 per 500 sq. ft.
Lightly developed	\$0.173 per 500 sq. ft.	\$0.196 per 500 sq. ft.	\$0.221 per 500 sq. ft.
Moderately developed	\$0.518 per 500 sq. ft.	\$0.585 per 500 sq. ft.	\$0.661 per 500 sq. ft.
Heavily developed	\$0.691 per 500 sq. ft.	\$0.781 per 500 sq. ft.	\$0.883 per 500 sq. ft.
Very heavily developed	\$0.864 per 500 sq. ft.	\$0.976 per 500 sq. ft.	\$1.103 per 500 sq. ft.
Development Category	Monthly Rate Based on Total Area Affective 1/1/19	Monthly Rate Based on Total Area Affective 1/1/20	Monthly Rate Based on Total Area Affective 1/1/21
Base rate per parcel	\$4.93	\$5.41	\$5.94
Undeveloped – One acre or less	\$0.162 per 500 sq. ft.	\$0.178 per 500 sq. ft.	\$0.195 per 500 sq. ft.
Plus for area over one acre	\$0.123 per 500 sq. ft.	\$0.135 per 500 sq. ft.	\$0.148 per 500 sq. ft.
Lightly developed	\$0.246 per 500 sq. ft.	\$0.270 per 500 sq. ft.	\$0.296 per 500 sq. ft.
Moderately developed	\$0.737 per 500 sq. ft.	\$0.809 per 500 sq. ft.	\$0.888 per 500 sq. ft.
Heavily developed	\$0.985 per 500 sq. ft.	\$1.082 per 500 sq. ft.	\$1.188 per 500 sq. ft.
Very heavily developed	\$1.230 per 500 sq. ft.	\$1.351 per 500 sq. ft.	\$1.483 per 500 sq. ft.

Section 4. Subsection 13.18.070(D) of the Fife Municipal Code is hereby amended to read as follows:

D. Commencing January 1, 2022, and on the first day of January each successive year thereafter, the monthly rates for storm drainage and surface water management services for each development category shall be increased from the previous year in accordance with the following formula:

$$[\text{Operating Costs as \% of Total Costs}] \times [\text{Increase in Average Annual Consumer Price Index for Seattle (CPI-U: All Urban Consumers)}] + [\text{Rate-Funded Capital Costs as \% of Total}]$$

Costs] x [Increase in Average Annual Engineering News Record (ENR) Construction Cost Index for Seattle] = Indexed Rate Adjustment

For purposes of this formula:

“Total Costs” shall consist of the following percentages:

Operating Costs	77.4%
Rate-Funded Capital Costs	22.6%
Total Costs	100.0%

“Increase in Average Annual Consumer Price Index for Seattle (CPI-U: All Urban Consumers)” shall be measured for the 12-month period ending in June of the previous year as published by the U.S. Bureau of Labor and Statistics.

“Increase in Average Annual Engineering News Record (ENR) Construction Cost Index for Seattle” shall be measured for the 12-month period ending in October of the previous year.

The city manager shall cause to be prepared a rate worksheet setting forth the future monthly rate for each development category based on the percentage increases set forth herein, and said worksheet shall be available to the public.

Section 5. In the event of any proposed increase in the Tacoma Wastewater Treatment Rate to be paid by the city, the Public Works Director shall notify the City Manager and the City Council of the proposed increase and the anticipated impact of the proposed increase on the city’s sewer service rates.

Section 6. The Public Works director shall periodically, but no less frequently than every five years, review and if necessary recommend adjustments to the Total Cost percentage allocations sets forth in FMC 13.04.240(A)(3) to insure that they reflect current and forecasted expenditures.

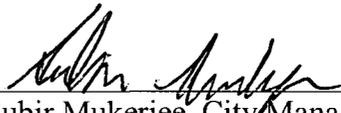
Section 7. The Public Works director shall periodically, but no less frequently than every five years, review and if necessary recommend adjustments to the Total Cost percentage allocations sets forth in FMC 13.08.510(B) to insure that they reflect current and forecasted expenditures.

Section 8. The Public Works director shall periodically, but no less frequently than every five years, review and if necessary recommend adjustments to the Total Cost percentage allocations sets forth in FMC 13.18.070(D) to insure that they reflect current and forecasted expenditures.

Section 9. This Ordinance shall be in full force and effect five (5) days after publication as required by law. A summary of this Ordinance may be published in lieu of the entire Ordinance, as authorized by State law.

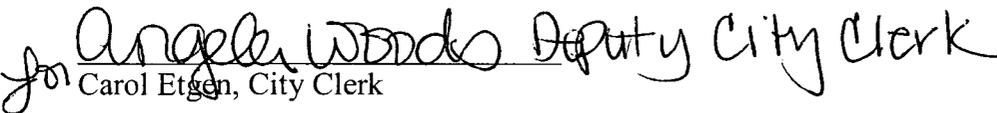
Introduced the 18 day of October, 2016.

Passed by the City Council on the 25 day of October 2016.

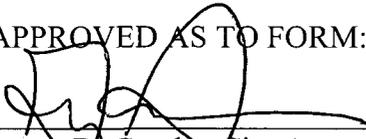


Subir Mukerjee, City Manager

ATTEST:


for Carol Etgen, City Clerk
Deputy City Clerk

APPROVED AS TO FORM:



Loren D. Combs, City Attorney

Assistant City Attorney

Published: 10/27/2016

Effective: 11/3/2016